

capacity, prudence or honour of the Company (in disposing of, or alienating, parts, or failing to substitute other property or accessories of equivalent worth and service for that which has been parted with) has not enhanced, or has neglected to maintain, the original value. The most usual course adopted by companies is to give a specific charge over the immovable assets and a floating charge over the movable assets. Sometimes, however, only a floating charge is granted over the whole of the assets. An intending investor should consult the Memorandum of Association of the issuing Company in order to ascertain whether express power to borrow exists, since a power to borrow can only be applied if it be properly incident to the course and conduct of the business. A limit on the borrowing powers of a Company may also be found to be prescribed. It is scarcely needful to add that many Debentures, although unsupported by any specific mortgage of property, are perfectly sound and acceptable according to the history, resources and character of the Company by whom they are issued. It has already been remarked that the Debenture stock of British railways (issued in substitution for terminable debentures) ranks in priority of security upon the general undertaking.